



Office of the County Manager Leo E. Ochs, Jr.

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Mr. Donald J. Huffner Jr.
CEO, Collier Enterprises Management, Inc.
2550 Goodlette Rd. North, Suite 100
Naples, FL 34103

November 1, 2018

Re: Rural Lands West (RLW) Developer Agreement Status

Dear Mr. Huffner,

After several months of discussion, it is appropriate that we document the status of our preliminary negotiations on the Rural Lands West (RLW) project. The Board of County Commissioners requested that we keep them informed of our progress and maintain the highest level of transparency. This letter is intended serve both purposes as we continue the dialogue in an effort to establish mutually acceptable business terms.

While I would characterize our deliberations as collaborative, we believe there are several areas where we fundamentally disagree. It is important to recognize and acknowledge that the County Manager's office does not have the ultimate authority to approve the final terms and conditions. Our collective remarks and observations are meant to provide lucidity for future conversations and a reference point for the Board of County Commissioners.

The primary focus of our review is on the contractual business points that will be used to draft a developer agreement(s). However, where we have observed detrimental operational impacts and financial risks/liabilities associated with RLW's design and business terms, we will endeavor to articulate those areas of concern and provide options for your consideration. Most of our concerns are related to nonmonetary design characteristics that will create unfavorable direct and indirect long-term impacts to the County.

In the following pages, we break out our comments by category and reference appropriate exhibits where applicable. Our observations should not be confused with any evaluation comments associated with the RLW review in progress through the Growth Management Department.

I look forward to continuing our dialogue as we attempt to find common ground while trying to balance your stated investment objectives with fair business terms for Collier County while also minimizing the risk for both parties.

Respectfully,

A handwritten signature in blue ink, appearing to read "Nick Casalanguida".

Nick Casalanguida, COO, Deputy County Manager

Cc: Board of County Commissioners
Leo E. Ochs Jr., County Manager
Jeffrey Klatzkow, County Attorney

Discussion Points

LAND VALUES:

In all our prior discussions with Patrick Utter, your firm suggested using \$18,000 per acre as the multiplier for the land credit component. The County appraisers initially felt \$15,000 per acre would be more appropriate. Recognizing there is some subjectivity in the evaluation process, the County appraisers are comfortable proposing an amount of \$16,500 per acre. (Exhibit A: Land Values Memorandum)

MASTER PLAN & ROADWAYS:

OIL WELL ROAD & RANDALL BOULEVARD:

The County has consistently expressed a concern about the way you have designed the RLW project to overlay onto the County's major east-west future arterials (Oil Well Road & Randall Boulevard). The RLW project connects to Oil Well Road (CR-858), a rural major collector road as classified in the Transportation Element. Oil Well Road from Immokalee Road to State Road 29 has been identified as a regional facility by the Joint Collier and Lee Metropolitan Planning Organizations (MPO). The facility is recognized as a major facility for the movement of people, freight and goods. The Florida Department of Transportation recognizes the regional nature of this roadway. A segment of this roadway has received Transportation Regional Incentive Program (TRIP) funds from the Florida Department of Transportation. In order to be eligible for the funding, the roadway had to serve national, statewide or regional functions as part of an integrated transportation system. This regional facility ties directly into FDOT's Strategic Intermodal System (SIS) (SR 29), which are the highest priority roadways for the state's economy and mobility.

The project looks to take advantage of the County's existing and future transportation grid in an effort to increase the marketability of both your residential and commercial properties. Oil Well Road and Randall Boulevard are intended to be major transportation corridors serving multiple population centers and the movement of freight and goods for longer distance travel needs. Your design significantly diminishes the intended use by placing community and neighborhood commercial/retail centers along the major roadways. The SRA Town Core and Town Centers are meant to be pedestrian friendly at a "Human Scale". By placing them along freight and goods corridors, you are creating similar conflicts and deficiencies that exist in the City of Naples along U.S. 41, downtown Immokalee along SR 29, and along Pine Ridge Road and Airport Road. In these areas, the County and FDOT are planning significant roadway improvements that will cost hundreds of millions of dollars. These include constructing alternative intersection designs to more efficiently move traffic and in the case of SR 29, building a completely new bypass road. Statistically, the majority of bicycle or pedestrian fatalities or severe injury crashes occur on high speed, high volume roadways, especially where multiple conflict points are present.

For your reference, your site plans, the Babcock Ranch plans and the Ave Maria master site plan are included. The latter, similar large master planned developments do not place high impact commercial/retail, that is intended for pedestrian level interaction, directly on a major roadway. Both Babcock Ranch and Ave Maria maintains their major commercial centers internal to their site. (Exhibits B-B4)

Currently, the transportation staff is in the process of completing a study of the Oil Well Road and Randall Boulevard corridors to determine priorities for expansion. Upon a final

decision by the Board of County Commissioners, RLW should modify their design to eliminate the high intensity commercial/retail and pedestrian "Human Scale" level of interaction along the chosen freight and goods arterial.

Should the Board approve your master plan as submitted, little to no impact fee credits should be provided for any portion of a road that abuts a Town Core or Town Center. If a credit is considered, the credit should be reduced by the calculated percentage of service level reduction when comparing your design to a restricted access arterial. The reduced service volume, aka capacity of Oil Well Road, is approximately 28% as identified on the attached service volume review memorandum. This same methodology should be applied to Randall Boulevard should the BCC choose this as the primary alignment for the east/west primary corridor. (Exhibit C-Service Volume)

BIG CYPRESS PARKWAY:

Your north-south future roadway, Big Cypress Parkway, has the potential to enhance the County's transportation grid. It faces the same challenges in your Town Center area as referenced above for the major roadways. The SRA is responsible for providing roadways that connect and serve the various development pods. Your own traffic study identifies a significant amount of internal capture within the SRA. In basic terms, the Big Cypress Parkway is a required facility for RLW.

Historically, other large developments have built four lane collector roadways and then conveyed them at no cost to the County for maintenance. These developments are still under construction today; such as the Vineyards, Pelican Bay, and Lely. Vineyards Boulevard, Pelican Bay Boulevard, Grand Lely Drive, and Lely Cultural Parkway are all four-lane roadways built by the developers and conveyed to the County at no charge with the landscaping maintained by the HOA/CDD. The County in return agreed to maintain the surface facilities and underground infrastructure in perpetuity. These collector roadways typically connect two major arterial roadways and provide for public travel as well as accommodate the internal movements of the development.

We recognize that your position is that the Big Cypress Parkway will ultimately provide the County another north-south collector roadway. As an alternative to no credit for the roadway, we are comfortable recommending that the Board consider a credit only for the delta in facility construction and right of way specifications/costs when comparing a full two-lane facility to the increase of a four-lane facility. This credit, if approved, may need to be conditioned or modified to adjust for conflicts with the County's Long-Range Transportation Plan (LRTP) and impact fee Ordinance. Our comfort in suggesting a partial credit is conditioned on working with you to preserve additional right of way that would maximize the public benefit of this facility.

The facility would need to be constructed to County standards and the maintenance would only be accepted as segments are inspected and connect to other public roadways. Segments that do not connect to another public roadway should be maintained by RLW until that connection is completed. Prior to acceptance of maintenance, the developer and the County should review the facility and the developer should bring any deficiencies up to County road standards. The pavement condition rating should show a minimum of 5 years useful life remaining on the pavement prior to acceptance.

BIKE/PED FACILITIES & PUBLIC TRANSPORTATION:

As the County matures and public transportation continues to become a higher priority, it is important that RLW recognizes that the residential, industrial and commercial/retail aspects of the project will require a strong consideration for bicycle, pedestrian, and public transportation integration. The SRA review requires you to demonstrate an interconnected sidewalk and pathway system and County transit access/facilities. As we move forward with updates to your plan, please develop an exhibit that complies with the SRA design criteria identifying these facilities with appropriately sized public transportation stops near your commercial/retail centers. We recommend three to five 10' x 20' shelters planned and built accordingly with your absorption schedule. No impact fee credits are recommended for these facilities as we believe they are required components of your SRA.

SCHOOL SITE:

In our conversations regarding the school placement along Oil Well Road, we agreed that the inherent conflicts and further degradation of the road warrants a further evaluation of the school site location. Please continue to have conversations with the Collier County School District to evaluate alternatives and relocate the school site to a more appropriate location.

LANDSCAPING & NOISE ABATEMENT:

As we discussed and agreed, all landscape and wall enhancements throughout the SRA would be the sole responsibility of RLW. This includes proper notification to the future buyers for properties near and adjacent to public roadways. No properties within the SRA would be entitled to noise abatement as this is a master planned community that is aware of future roadway widenings and the noise associated with traffic from high speed vehicles and large transports including dump trucks and 18-wheel freight haulers.

FILL MATERIAL:

Recognizing that fill material for roads is one of the largest cost factors in construction, the County is requesting that sufficient land be set aside for balancing the fill need for the major roadway improvements planned for in the section of Oil Well Road and Randall Boulevard within the limits of RLW. Impact fee credit reductions would be recommended in the same percentage as identified above.

WATER MANAGEMENT:

Recognizing that it would be impractical to convey water outside of the impacted area, the County is requesting that sufficient capacity for water quality and quantity be included in your lake development plan for the major roadway improvements planned for in the section of Oil Well Road and Randall Boulevard within the limits of RLW. Impact fee credit reductions would be recommended in the same percentage as identified above for the incremental increase needed in your adjacent lakes.

ADDITIONAL RIGHT OF WAY:

As mentioned above under the Big Cypress Parkway section, the true benefit of the parkway comes from future connections to other public roads north and south of the town center in the SRA. We recommend that that developer agreement identify additional land reserved for County purchase or for impact fee credits connecting to Immokalee Road to the north and Golden Gate Boulevard to the south. The exact southern terminus should be further explored with a more detailed analysis.

PERMITTING & MITIGATION:

In order to permit RLW and the roadways within your development, you would be required to satisfy appropriate mitigation criteria. The County believes that any additional mitigation for Oil Well Road and Randall Boulevard are incidental. Should you have a contrary opinion, please provide the appropriate back-up information for consideration.

OFFSITE OPERATIONAL-SAFETY IMPROVEMENTS & SITE RELATED IMPROVEMENTS:

I understand from my conversations with our transportation staff and your traffic team, there are a number of offsite operational deficiencies caused by RLW traffic as identified in your traffic study. The transportation staff has informed me that you wish to take advantage of the alternative mitigation as allowed for in our TIS guidelines and procedures to direct the costs associated with these deficiencies to the intersection of Randall Boulevard and Immokalee Road all the way to 8th Street. Offsite operational and safety improvements are not impact fee credit eligible. The alternative mitigation may allow a portion of your participation to be eligible. Staff is working with the County Attorney's office and outside counsel to review the eligibility.

All site related improvements such as turn lanes, median modifications, and traffic signals are not impact fee eligible. Any improvements that are not permanent or require County rework in the future shall only be impact fee eligible for the portion that would retain value such as fill material and to the extent any percentage reduction is identified and approved by the Board.

PARKS OVERVIEW:

RLW is required by the Rural Lands Stewardship Area (RLSA) zoning district to provide a 46-acre community park that may or may not be open to the public. The park will include a variety of active and passive recreational needs that may include recreation facilities, and nature trails, among other uses. RLW has set aside a one-acre parcel adjacent to the Community Park for an environmental resource center to be built by partner Non-Governmental Organizations (NGO)s.

The Parks and Recreation Division recently updated their 5-year plan which anticipates two regional parks (Corkscrew Regional Park and Collier County Sports Complex) coming online serving eastern Collier County, including RLW SRA. The County acknowledges that impact fee credits are not available since the park is not on the current master plan and there are no current or projected level-of-service (LOS) deficiencies. The Parks and Recreation staff would like to evaluate the level of service impacts of these two parks on the RLW SRA service area before committing to the design and impact fee funding of the community park within RLW SRA. Based on these factors, both RLW and Parks and Recreation mutually agree it would be in everyone's best interest to not make a decision regarding if any portion of the planned RLW SRA community park will receive impact fee. The Developer may come forward in the future if the park is added to the Master Plan or if LOS deficiencies are identified.

GOVERNMENT BUILDINGS/SERVICES LAND:

RLW is proposing 10,000 residential units with a penitential population of 23,900 at build-out and is in an area that will also serve the surrounding population. It is anticipated that there will be a need for a government services area as identified in the RLSA design criteria. In our discussions, you were agreeable to the prospect of a site but not in your highest future land value location. We are requesting an approximate four-acre site be identified in a location that would be accessible to residents, businesses, and the surrounding population. This site would be entitled to the \$15K-\$18K land use impact fee credit for government buildings. If the site were to be improved, I believe there would be consideration for an additional credit. The location of the site and the condition when transferred could warrant the need for additional land or a reduction in land. As you are aware, the Ave Maria SRA provided a four-acre site in an improved location that will be shared with emergency services and government buildings. I believe the County would be open to a similar concept.

HOUSING AFFORDABILITY:

The County has struggled over the years to satisfy the needs of the community for geographically distributed balanced housing. A majority of the Board of County Commissioners approved the creation of a housing land trust. We have discussed several times that RLW is required to have a diverse portfolio of housing affordability that could satisfy the workforce needs and our aging population. Your team has acknowledged that requirement but is unwilling to provide deed restricted housing. Your team has instead pointed to the proposed retail price-points of the three lowest tier planned housing products as a suggestion that those would fill any need for affordable products. We believe that is crucial to deed restrict a percentage of these products to ensure that they are not only affordable when initially built, but also remain an asset to the community by providing for the long-term affordability of those units. We recommend restricting 15% of the residential units that your team has already identified as falling into the low, moderate, and gap income ranges. This would result in an overall 10% commitment in relation to the total number of units proposed in RLW. Our alternative suggestion to addressing the housing needs of very-low income residents and seniors is that you set aside several tracts to be placed in the housing land trust with sufficient restrictions to protect your interests. Following these recommendations would result in RLW being treated in a similar fashion to previously approved large-scale developments in Collier County, including Ave Maria, and would ensure that RLW continues to have a diverse portfolio of housing for the long-term.

PUBLIC UTILITIES WATER/SEWER DISTRICT (CCWSD) & RECYCLING:

The Public Utilities team has expressed how their discussions with your team have been very productive to date. We are supportive of the 1,000 prepaid water and sewer ERCs totaling approximately \$5.2M dollars. They noted that you originally committed to donating the land necessary for the local water/sewer facilities and recycling center within the SRA and are now requesting impact fee credits for that site. They have represented that they are not opposed to providing the \$15K-\$18K credit per acre provided.

The remaining challenge is related to the upfront commitment of the CCWSD to construct the facilities without RLW sharing in the long-term risk should your absorption schedule fail to materialize. While this risk is usually passed on to the rate payers, the size of the investment in the northeast service area increases that liability. The County has asked for a greater commitment to the guaranteed absorption schedule. You have made a commitment to no less than 25% of the schedule in which if you fell below that you would purchase additional ERCs to make up the balance. Our alternative suggestion would be that we follow a path similar to the Ave Maria DCA where you can use up to 50% of your available credits for each ERC that you apply for.

We have also discussed the value of your Consumptive Use Permit (CUP). As you are aware, Florida Statutes make clear that no individual entity owns the water supply. In the first 10 years of your development, the CCWSD anticipates that your water will be provided by the two existing urban area water plants through a series of booster stations and the interconnected system. The CUP you hold is almost impossible to monetize in the first 10 years, if at all. After that period, the type of construction for the new northeast plant may be able to take advantage of this water supply. The treatment processes at this facility will be dependent upon the chemistry of the feed (raw) water. A comprehensive analysis and critical review of the potential feed water is required to design an efficient, compliant, cost effective treatment process. The current design of the Northeast Facility includes well sites near the facility. This may prove more economical than long distance pipe runs from RLW in terms of preventative maintenance, SCADA control and overall operation. There is also the logistical and operational challenge of how we can take advantage of your existing well sites or if it would be more prudent to plan for new well sites. We believe it might be helpful to explore the possibility of future water supply well acquisitions in greater detail with a systematic approach consistent with your planned development schedule. PUD staff looks forward to continuing the conversation.

EMERGENCY SERVICES:

EMS/FIRE:

The RLW SRA application has identified several acres off Big Cypress Parkway for a future first responder site. The final location, timing of availability, condition of site, and exact location should be clarified. The land will be eligible for impact fee credits.

EMERGENCY PLANNING:

The RLW project will be the largest project the County has reviewed to date. You are strongly encouraged to have an all hazards emergency plan that covers the response necessary to manage the resiliency of a development of this size. The plan should include a logistics plan for the delivery off fuel, food, and water in a catastrophic event. It should also plan a site that can serve as a master debris and staging location in the event of a significant wind storm or other major event.